

# **DRUG REBATE QUARTERLY REPORT**

## **AS OF THE QUARTER ENDING 09/30/06**

(Includes latest invoicing for claims paid during the quarter 4/1/06 through 6/30/06 and includes information pertinent to prior quarters)

**Prepared by ACS  
for OMPP**

Date Sent to State: 10/12/2006

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# **EXECUTIVE SUMMARY**

## **OBJECTIVE**

The objective is to give a high level summary of the Federal and Supplemental Rebate programs for the current reporting quarter, to identify any problems that have been discovered, and to provide the actions taken to resolve problems.

## **FEDERAL REBATE PROGRAM**

The Federal Rebate Program collections percentage is 97% for the 1Q 2006 invoicing cycle. The 2Q 2006 invoice collection percentage is 37%. Although payments have been received they have not been processed during the reporting period.

## **SUPPLEMENTAL REBATE PROGRAM**

The Supplemental Rebate Program collections percentage is 99% for the 1Q 2006 invoicing cycle. The 2Q 2006 invoice collection percentage is 8%. Although payments have been received they have not been processed during the reporting period.

## **ISSUES**

# **Drug Rebate Quarterly Report**

## **Financial Status as of 9/30/2006**

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### **Drug Rebate Receivables Status at a Glance**

The following illustrates the overall picture of the drug rebate program as of 9/30/2006. The pages that follow detail certain elements by invoice period. The following information gathers data from subsequent pages and illustrates the drug rebate program status in a high-level summary manner.

The left column represents data for the current quarter. This data begins with the receivable balance at the end of the prior quarter and rolls forward to the ending balance of the current quarter. The right column represents data from the inception of the rebate program and reports data cumulative to the ending receivable balance as of 9/30/2006.

	<b>For the Quarter</b>	<b>Since Program Inception</b>
Beginning Balance	\$25,540,899	\$0
Billings	\$22,998,550	\$1,600,184,898
Less Collections	\$24,416,962	\$1,349,953,829
Less Write-offs	\$0	\$144,882
Less Adjustments	\$7,600,740	\$ 233,564,440
<b>Ending Balance</b>	<b>\$16,521,747</b>	<b>\$ 16,521,747</b>
Amount in Dispute		\$ 12,034,286
Amount in Outstanding Balance for 2Q2006		\$ 4,481,498
<b>Total</b>		<b>\$16,521,747</b>

## **QUARTERLY INVOICING REPORT**

**Purpose of Report:** To report all invoicing period dollar amounts.

**Explanation of column headings and rows:**

The invoice period represents the quarter and for prior periods the entire year when the pharmacy claims were paid and manufacturer invoices created; therefore, the quarterly rebate billings to manufacturers occur during the following quarter. The Amount Billed represents the amount that was billed to the manufacturer.

**“Key findings” related to this report for the reporting quarter:** None

**Action items related to this report and responsible ACS staff:** None

## Quarterly Invoicing

<b>1991 Invoice Period</b>	<b>Amount Billed</b>
<b>Total</b>	<b>\$43,780,127</b>

<b>1993 Invoice Period</b>	<b>Amount Billed</b>
<b>Total</b>	<b>\$74,676,329</b>

<b>1995 Invoice Period</b>	<b>Amount Billed</b>
<b>Total</b>	<b>\$64,646,870</b>

<b>1997 Invoice Period</b>	<b>Amount Billed</b>
<b>Total</b>	<b>\$43,411,651</b>

<b>1999 Invoice Period</b>	<b>Amount Billed</b>
<b>Total</b>	<b>\$71,243,446</b>

<b>2001 Invoice Period</b>	<b>Amount Billed</b>
<b>Total</b>	<b>\$145,954,573</b>

<b>2003 Invoice Period</b>	<b>Amount Billed</b>
Qtr. 1 2003	\$31,833,112
Qtr. 2 2003	\$37,560,247
Qtr. 3 2003	\$41,644,759
Qtr. 4 2003	\$41,808,598
<b>Total</b>	<b>\$152,846,716</b>

<b>2005 Invoice Period</b>	<b>Amount Billed</b>
Qtr. 1 2005	\$52,123,182
Qtr. 2 2005	\$50,580,819
Qtr. 3 2005	\$126,403,762
Qtr. 4 2005	\$50,246,045
<b>Total</b>	<b>\$279,353,808</b>

<b>1992 Invoice Period</b>	<b>Amount Billed</b>
<b>Total</b>	<b>\$57,306,862</b>

<b>1994 Invoice Period</b>	<b>Amount Billed</b>
<b>Total</b>	<b>\$61,064,303</b>

<b>1996 Invoice Period</b>	<b>Amount Billed</b>
<b>Total</b>	<b>\$56,439,899</b>

<b>1998 Invoice Period</b>	<b>Amount Billed</b>
<b>Total</b>	<b>\$57,130,760</b>

<b>2000 Invoice Period</b>	<b>Amount Billed</b>
<b>Total</b>	<b>\$113,485,988</b>

<b>2002 Invoice Period</b>	<b>Amount Billed</b>
<b>Total</b>	<b>\$135,871,504</b>

<b>2004 Invoice Period</b>	<b>Amount Billed</b>
Qtr. 1 2004	\$43,043,861
Qtr. 2 2004	\$47,773,656
Qtr. 3 2004	\$47,621,934
Qtr. 4 2004	\$52,115,859
<b>Total</b>	<b>\$190,555,310</b>

<b>2006 Invoice Period</b>	<b>Amount Billed</b>
Qtr. 1 2006	\$ 29,418,202
Qtr. 2 2006	\$ 22,998,550
Qtr. 3 2006	
Qtr. 4 2006	
<b>Total</b>	<b>\$ 52,416,752</b>

**Total Billed Since Program Inception**

**\$1,600,184,898**

## **REBATE COLLECTIONS REPORT**

**Purpose of Report:** To report dollar amounts collected per invoicing period from the inception of the rebates program.

**Explanation of column headings and rows:**

The invoice period represents the quarter and for prior periods the entire year, that the pharmacy claims were paid and manufacturer invoices created. The Amount Collected represents the rebate amount that was collected for the invoicing cycle.

**“Key findings” related to this report for the reporting quarter:** None

**Action items related to this report and responsible ACS staff:** None

## **Rebate Collections**

<b>1991 Invoice Period</b>	<b><u>Amount Collected</u></b>	<b>1992 Invoice Period</b>	<b><u>Amount Collected</u></b>
<b>Total</b>	<b><u>\$21,745,258</u></b>	<b>Total</b>	<b><u>\$38,061,062</u></b>
<b>1993 Invoice Period</b>	<b><u>Amount Collected</u></b>	<b>1994 Invoice Period</b>	<b><u>Amount Collected</u></b>
<b>Total</b>	<b><u>\$41,240,370</u></b>	<b>Total</b>	<b><u>\$40,063,878</u></b>
<b>1995 Invoice Period</b>	<b><u>Amount Collected</u></b>	<b>1996 Invoice Period</b>	<b><u>Amount Collected</u></b>
<b>Total</b>	<b><u>\$42,665,776</u></b>	<b>Total</b>	<b><u>\$41,822,940</u></b>
<b>1997 Invoice Period</b>	<b><u>Amount Collected</u></b>	<b>1998 Invoice Period</b>	<b><u>Amount Collected</u></b>
<b>Total</b>	<b><u>\$47,440,394</u></b>	<b>Total</b>	<b><u>\$57,936,098</u></b>
<b>1999 Invoice Period</b>	<b><u>Amount Collected</u></b>	<b>2000 Invoice Period</b>	<b><u>Amount Collected</u></b>
<b>Total</b>	<b><u>\$77,337,520</u></b>	<b>Total</b>	<b><u>\$95,510,758</u></b>
<b>2001 Invoice Period</b>	<b><u>Amount Collected</u></b>	<b>2002 Invoice Period</b>	<b><u>Amount Collected</u></b>
<b>Total</b>	<b><u>\$118,389,171</u></b>	<b>Total</b>	<b><u>\$133,580,900</u></b>
<b>2003 Invoice Period</b>	<b><u>Amount Collected</u></b>	<b>2004 Invoice Period</b>	<b><u>Amount Collected</u></b>
Qtr. 1 2003	\$ 34,330,203	Qtr. 1 2004	\$ 47,367,390
Qtr. 2 2003	\$ 36,885,057	Qtr. 2 2004	\$ 49,649,945
Qtr. 3 2003	\$ 45,801,969	Qtr. 3 2004	\$ 45,871,754
Qtr. 4 2003	\$ 42,931,433	Qtr. 4 2004	\$ 50,191,801
<b>Total</b>	<b><u>\$ 159,948,662</u></b>	<b>Total</b>	<b><u>\$ 193,080,889</u></b>
<b>2005 Invoice Period</b>	<b><u>Amount Collected</u></b>	<b>2006 Invoice Period</b>	<b><u>Amount Collected</u></b>
Qtr. 1 2005	\$ 52,893,161	Qtr. 1 2006	\$ 27,588,107
Qtr. 2 2005	\$ 51,189,397	Qtr. 2 2006	\$ 8,459,731
Qtr. 3 2005	\$ 50,622,593	Qtr. 3 2006	
Qtr. 4 2005	\$ 50,377,166	Qtr. 4 2006	
<b>Total</b>	<b><u>\$ 205,082,316</u></b>	<b>Total</b>	<b><u>\$36,047,837</u></b>
<b>Total Rebates Collected Since Program Inception</b>			<b><u>\$1,349,953,829</u></b>



## **ADJUSTMENTS AND WRITE-OFFS**

**Purpose of Report:** To report adjustments and write-offs per invoice year.

**Explanation of column headings and rows:**

The adjustments column represents unit rebate amount (URA) changes, utilization changes, and unit adjustments through the dispute resolution process. The write-offs column represents the “not cost-effective pursue” collection based on established criteria approved by OMPP and consistent with CMS guidelines.

**“Key findings” related to this report for the reporting quarter:** None

**Action items related to this report and responsible ACS staff:** None

## Adjustments and Write-Offs

Adjustments represent changes to the invoiced dollars as a result of:

- unit rebate amount (URA) changes
- utilization changes
- unit adjustments through the dispute resolution process

The unit rebate amount changes result in positive and negative adjustments. If the CMS tape does not include the URA for a particular drug, when merging the claim detail with the CMS tape to produce the quarterly invoice, there may not be a URA available to calculate the rebate amount for the invoice. When this occurs, the URA is reflected on the invoice as zero; however the units reimbursed to the providers are included on the invoice. This informs the manufacturers that a rebate amount is due based on the provider claims data. The manufacturers must then provide the URA and submit the correct amount of rebate for those items. The negative ( ) adjustments below represent invoice periods during which more URAs were adjusted upwards than the total of all other adjustments decreasing the original invoice amount for that invoice period. In other words, the items below in parentheses indicate the net rebate collections that were received that were not originally invoiced due to incomplete URAs. The write-offs column represents the 'not cost-effective to pursue' collection based on established criteria approved by OMPP and consistent with CMS guidelines.

The following are cumulative net adjustments and write-offs according to the invoice year as of 9/30/2006. The adjustments and write-off data are available by invoice quarter; however for analysis purposes the invoice periods are summed and reported below according to the year.

<b>Invoice Year</b>	<b>Adjustments</b>	<b>Write-Offs</b>
1991	(21,926,809)	\$13,196
1992	(19,044,523)	\$16,078
1993	(32,890,952)	\$13,427
1994	(20,492,469)	\$29,256
1995	(21,428,532)	\$21,407
1996	(14,146,600)	\$24,001
1997	(2,974,649)	\$12,036
1998	(6,159,484)	\$4,703
1999	5,373,407	\$3,872
2000	(14,154,985)	\$3,535
2001	(21,815,021)	\$2,428
2002	1,422,288	\$943
2003	7,299,334	\$0
2004	1,733,939	\$0
2005	(73,474,391)	\$0
2006	(884,991)	\$0
<b>Total</b>	<b>(233,564,440)</b>	<b>\$144,882</b>

## **REBATE RECEIVABLE REPORT**

**Purpose of Report:** To report the receivable amount due from the manufacturers per invoicing period.

**Explanation of column headings and rows:**

The invoice period represents the quarter and for prior periods the entire year, that the pharmacy claims were paid and manufacturer invoices created.  
The Amount Due represents the amount that the manufacturers have not submitted payment.

**“Key findings” related to this report for the reporting quarter:** None

**Action items related to this report and responsible ACS staff:** None

## Rebate Receivable

<b>1991 Invoice Period</b>	<b>Amount Due</b>
<b>Total</b>	<b>\$94,864</b>

<b>1993 Invoice Period</b>	<b>Amount Due</b>
<b>Total</b>	<b>\$531,579</b>

<b>1995 Invoice Period</b>	<b>Amount Due</b>
<b>Total</b>	<b>\$531,155</b>

<b>1997 Invoice Period</b>	<b>Amount Due</b>
<b>Total</b>	<b>(\$7,015,428)</b>

<b>1999 Invoice Period</b>	<b>Amount Due</b>
<b>Total</b>	<b>(\$724,539)</b>

<b>2001 Invoice Period</b>	<b>Amount Due</b>
<b>Total</b>	<b>\$5,747,953</b>

<b>2003 Invoice Period</b>	<b>Amount Due</b>
Qtr. 1 2003	\$ 313,311
Qtr. 2 2003	(\$ 147,176)
Qtr. 3 2003	(\$ 10,494)
Qtr. 4 2003	\$ 41,746
<b>Total</b>	<b>\$ 197,387</b>

<b>2005 Invoice Period</b>	<b>Amount Due</b>
Qtr. 1 2005	(\$ 179,217)
Qtr. 2 2005	(\$ 80,166)
Qtr. 3 2005	\$ 485,012
Qtr. 4 2005	\$ 571,472
<b>Total</b>	<b>\$ 797,101</b>

<b>1992 Invoice Period</b>	<b>Amount Due</b>
<b>Total</b>	<b>\$185,198</b>

<b>1994 Invoice Period</b>	<b>Amount Due</b>
<b>Total</b>	<b>\$478,700</b>

<b>1996 Invoice Period</b>	<b>Amount Due</b>
<b>Total</b>	<b>\$446,358</b>

<b>1998 Invoice Period</b>	<b>Amount Due</b>
<b>Total</b>	<b>(\$6,969,525)</b>

<b>2000 Invoice Period</b>	<b>Amount Due</b>
<b>Total</b>	<b>\$3,816,710</b>

<b>2002 Invoice Period</b>	<b>Amount Due</b>
<b>Total</b>	<b>\$3,711,949</b>

<b>2004 Invoice Period</b>	<b>Amount Due</b>
Qtr. 1 2004	\$ 204,543
Qtr. 2 2004	(\$ 325,560)
Qtr. 3 2004	(\$ 322,667)
Qtr. 4 2004	(\$347,956)
<b>Total</b>	<b>(\$ 791,640)</b>

<b>2006 Invoice Period</b>	<b>Amount Due</b>
Qtr. 1 2006	\$951,069
Qtr. 2 2006	\$ 14,532,855
Qtr. 3 2006	
Qtr. 4 2006	
<b>Total</b>	<b>\$ 15,483,924</b>

**Total Rebates Receivable as of 9/30/2006**

**\$16,521,747**

## **OPEN DISPUTES REPORT**

**Purpose of Report:** To report total amounts disputed per invoice period.

**Explanation of column headings and rows:**

The invoice period represents the quarter and for prior periods the entire year, that the pharmacy claims were paid and manufacturer invoices created. The amount disputed column represents the total dollar amounts that manufacturers are disputing by invoicing period. The open disputes below indicate the amount of dollars that remain open for disputed invoice periods as of 9/30/2006. These dollars are included in the accounts receivable balance of \$16,521,747 on page 5 of this report. The dollars below relate to units that are in dispute but have not been adjusted in DRAMS (Drug Rebate Analysis & Management System).

**“Key findings” related to this report for the reporting quarter:** None

**Action items related to this report and responsible ACS staff:** None

## Open Disputes

<b>1991 Invoice Period</b>	<b><u>Amount Disputed</u></b>	<b>1992 Invoice Period</b>	<b><u>Amount Disputed</u></b>
<b>Total</b>	<b><u>\$1,035</u></b>	<b>Total</b>	<b><u>\$1,887</u></b>
<b>1993 Invoice Period</b>	<b><u>Amount Disputed</u></b>	<b>1994 Invoice Period</b>	<b><u>Amount Disputed</u></b>
<b>Total</b>	<b><u>\$2,052</u></b>	<b>Total</b>	<b><u>\$223</u></b>
<b>1995 Invoice Period</b>	<b><u>Amount Disputed</u></b>	<b>1996 Invoice Period</b>	<b><u>Amount Disputed</u></b>
<b>Total</b>	<b><u>\$1,769</u></b>	<b>Total</b>	<b><u>\$170</u></b>
<b>1997 Invoice Period</b>	<b><u>Amount Disputed</u></b>	<b>1998 Invoice Period</b>	<b><u>Amount Disputed</u></b>
<b>Total</b>	<b><u>\$91</u></b>	<b>Total</b>	<b><u>\$412</u></b>
<b>1999 Invoice Period</b>	<b><u>Amount Disputed</u></b>	<b>2000 Invoice Period</b>	<b><u>Amount Disputed</u></b>
<b>Total</b>	<b><u>\$46,307</u></b>	<b>Total</b>	<b><u>\$588,252</u></b>
<b>2001 Invoice Period</b>	<b><u>Amount Disputed</u></b>	<b>2002 Invoice Period</b>	<b><u>Amount Disputed</u></b>
<b>Total</b>	<b><u>\$1,500,124</u></b>	<b>Total</b>	<b><u>\$2,547,939</u></b>
<b>2003 Invoice Period</b>	<b><u>Amount Disputed</u></b>	<b>2004 Invoice Period</b>	<b><u>Amount Disputed</u></b>
Qtr. 1 2003	\$ 248,363	Qtr. 1 2004	\$ 630,937
Qtr. 2 2003	\$ 404,722	Qtr. 2 2004	\$ 235,502
Qtr. 3 2003	\$ 192,483	Qtr. 3 2004	\$ 434,882
Qtr. 4 2003	\$ 364,243	Qtr. 4 2004	\$ 463,376
<b>Total</b>	<b><u>\$ 1,209,811</u></b>	<b>Total</b>	<b><u>\$ 1,764,697</u></b>
<b>2005 Invoice Period</b>	<b><u>Amount Disputed</u></b>	<b>2006 Invoice Period</b>	<b><u>Amount Disputed</u></b>
Qtr. 1 2005	\$ 348,509	Qtr. 1 2006	\$ 1,091,043
Qtr. 2 2005	\$ 236,305	Qtr. 2 2006	\$ 1,634,705
Qtr. 3 2005	\$ 332,296	Qtr. 3 2006	
Qtr. 4 2005	\$ 726,659	Qtr. 4 2006	
<b>Total</b>	<b><u>\$ 1,643,769</u></b>	<b>Total</b>	<b><u>\$ 2,725,748</u></b>
<b>Total Open Disputes as of 9/30/2006</b>			<b><u>\$12,034,286</u></b>

## **COLLECTION STATISTICS REPORT**

**Purpose of Report:** To report the collections by State Fiscal Year (SFY) and to provide an analysis.

**Explanation of column headings and rows:**

The amounts in this report listed under the Collection Statistics according to State FY represent cash collected during the indicated State Fiscal Year. The collection Trends according to State FY illustrates the rebate collections by quarter for SFY 2003, 2004, 2005, and 2006.

**“Key findings” related to this report for the reporting quarter:** None

**Action items related to this report and responsible ACS staff:** None

### **Collection Statistics according to State FY**

Rebates collected during the period of the State FY03 (12/16/2002 through 6/30/2003)	<b>\$66,950,467</b>
Rebates collected during the period of the State FY04 (7/1/2003 through 6/30/2004)	<b>\$172,475,845</b>
Rebates collected during the period of the State FY05 (7/1/2004 through 6/30/2005)	<b>\$191,783,021</b>
Rebates collected during the period of the State FY06 (7/1/2005 through 6/30/2006)	<b>\$218,401,459</b>
Rebates collected during the period of the State FY07 (7/1/2006 through 9/30/2006)	<b>\$ 26,081,875</b>

Please see the following comparison of collections by quarter for SFY 2003, SFY 2004, SFY 2005, SFY 2006, and SFY 2007. It should be noted that the reported collection statistics are based on bank lockbox deposits for drug rebates. The amounts included above represent cash collected during the indicated State fiscal year. In contrast, the rebate collections reported on page 3 of this report represent collections based on invoice period that have been fully dispositioned through DRAMS (Drug Rebate Analysis & Management System) to the NDC (drug code) level. Therefore, page 3 and the data reported above are not meant to reconcile based on timeframes illustrated. In order to minimize this timing difference among accounting records, the drug rebate unit has been directed to disposition all checks that are received in a timely manner.



### **Collection Trends according to State FY**

The following illustration indicates the rebate collections by quarter for the State Fiscal Year 2003, State Fiscal Year 2004, State Fiscal Year 2005, State Fiscal Year 2006 and State Fiscal Year 2007.

#### **State Fiscal Year Rebate Collections Comparison**

**Insert Table**

### **3Q06 ACTIVITY REPORT**

**Purpose of Report:** To report a summary of quarterly invoicing, collections, and write-offs occurred during the reporting quarter.

**Explanation of column headings and rows:**

The quarterly invoicing heading represents the 2<sup>nd</sup> Quarter invoicing total that occurred during the reporting quarter. The collections heading represents the total amount collected during the reporting quarter. The write-offs heading represents the total amount of write-offs that occurred during the reporting quarter

**“Key findings” related to this report for the reporting quarter:** None

**Action items related to this report and responsible ACS staff:** None

## **3Q06 Activity Report**

### **Quarterly Invoicing**

The 2nd Quarter 2006 invoices were mailed to labelers on 8/25/06 totaling \$ 22,998,550 for Federal Rebates and \$1,644,417 for Supplemental Rebates.

### **Collections**

Collections totaled \$26,057,399 in rebates from July 1, 2006 through Sept 30, 2006 (Federal - \$24,416,962 and Supplemental - \$1,640,437). This amount represents collections relating to all invoice periods and both rebate programs (Federal and Supplemental).

### **Write-Offs**

During the period of July 1, 2006 through Sept 30, 2006, there were no amounts written-off.

## **HCPCS CODE INVOICING, COLLECTIONS, RECEIVABLE AND OPEN DISPUTES REPORT**

**Purpose of Report:** To report the rebates invoiced, collected, received and the amount in open disputes for HCPCS codes by invoiced quarter.

**Explanation of column headings and rows:**

The QTR column represents when the pharmacy claims were paid and manufacturer invoices created. The J-Code Amount Invoiced column represents the original J-Code amount billed to the manufacturer. The J-Code Current-Rebate Amount column represents the most current invoice amount billed after URA, utilization and unit changes. The J-Code Amount Collected column represents the amount received from manufacturers based on the invoice and invoicing cycle. The J-Code Amount in Open Disputes column represents those J-Codes that the manufacturer is disputing.

**“Key findings” related to this report for the reporting quarter:**

**Action items related to this report and responsible ACS staff:**

### **HCPCS Code Invoicing, Collections, Receivable and Open Disputes**

ACS fully understands the issues that surround the processing of physician-administered drugs for Medicaid rebates. To receive maximum federal rebate dollars, the State must identify all drugs used in an outpatient setting by their NDC code. However, most states use procedure codes to identify physician-administered drugs. ACS addresses this problem by building a custom crosswalk table for OMPP. The crosswalk table provides a link for the procedure code to its associated NDC. Using this crosswalk table, the State may reduce its Medicaid pharmacy expenditures through rebate maximization. The following table represents the rebates invoiced, collected, received and the amount in open disputes for HCPCS codes for the respective invoice periods from the 2<sup>nd</sup> Quarter 2003 to the present (4<sup>th</sup> Quarter 2002 through 1<sup>st</sup> Quarter 2003 were retro-invoiced and included in 2<sup>nd</sup> Quarter 2003).

<b>QTR</b>	<b>J-Code Rebate Amount Invoiced</b>	<b>J-Code Current Rebate Amount</b>	<b>J-Code Amount Paid to Date</b>	<b>J-Code Amount In Open Disputes</b>
<b>Qtr 2. 2003</b>	\$2,239,717.50	\$1,555,291.55	\$1,565,316.71	(\$10,025.14)
<b>Qtr 3. 2003</b>	\$2,055,490.33	\$1,604,049.70	\$1,547,635.22	\$56,414.45
<b>Qtr 4. 2003</b>	\$2,173,933.08	\$2,107,441.78	\$1,870,611.12	\$236,830.72
<b>Qtr 1. 2004</b>	\$2,418,512.86	\$2,535,019.93	\$2,262,510.28	\$272,509.68
<b>Qtr 2. 2004</b>	\$2,832,399.44	\$2,213,422.58	\$2,250,553.70	(\$37,131.11)
<b>Qtr 3. 2004</b>	\$2,652,785.88	\$1,215,471.32	\$1,164,235.65	\$51,235.71
<b>Qtr 4. 2004</b>	\$5,218,401.14	\$1,326,251.45	\$1,345,246.51	(\$18,995.01)
<b>Qtr 1. 2005</b>	\$2,963,863.47	\$1,543,720.68	\$1,499,271.60	\$44,449.10
<b>Qtr 2. 2005</b>	\$2,940,550.84	\$1,696,517.91	\$1,672,458.16	\$24,059.78
<b>Qtr 3. 2005</b>	\$3,134,161.01	\$1,972,305.24	\$1,642,461.04	\$329,844.17
<b>Qtr 4. 2005</b>	\$3,677,277.27	\$2,681,811.98	\$2,268,330.82	\$413,481.18
<b>Qtr 1. 2006</b>	\$4,853,735.55	\$3,343,884.94	\$2,675,258.88	\$668,626.08
<b>Qtr 2. 2006</b>	\$2,934,571.34	\$3,006,948.65	\$432,672.39	\$2,574,276.29
<b>Grand Total</b>	\$40,095,399.71	\$26,802,137.73	\$22,196,562.07	\$4,605,575.90

### **340 B PROVIDERS REPORT**

**Purpose of Report:** To report the 340 B provider utilization activity by quarter.

**Explanation of column headings and rows:**

The number of providers column list the total number of 340 B providers. The Claim count list the number of claims processed by quarter. The utilization amount column indicates the total dollar amount of drug usage by quarter.

**“Key findings” related to this report for the reporting quarter:** None

**Action items related to this report and responsible ACS staff:** None

### **340 B Providers**

The 340B Drug Pricing Program was established in response to the passage of [Section 340B of U.S. Public Law 102-585](#), the Veterans Health Care Act of 1992. Section 340B of this law limits the cost of drugs to federal purchasers and to certain grantees of federal agencies. Significant savings on pharmaceuticals may be seen by those entities that participate in this program. The 340B law states that a drug purchased through the 340B program

shall not be subject to both a 340B discount and a Medicaid rebate. The Office of Pharmacy Affairs (OPA) has established two mechanisms for covered entities to comply with the 340B prohibition against duplicate discounts. The most common procedure involves covered entities submitting their Medicaid pharmacy numbers to OPA for use by state Medicaid agencies in identifying covered entity pharmacy bills and excluding them from the rebate program.

The following table highlights the utilization of 340 B providers in Indiana.

	Number of providers	Claim count	Utilization Amount
Qtr. 3, 2005	12	15,256	\$687,457
Qtr. 4, 2005	11	387	\$48,784
Qtr. 1, 2006	1	82	\$15,579
Qtr. 2, 2006	1	132	\$31,197

## **SUPPLEMENTAL REBATE INVOICING, COLLECTIONS, RECEIVABLES AND OPEN DISPUTES**

**Purpose of Report:** To report the Supplemental Rebates invoicing, collections, and receivables balance by quarter.

**Explanation of column headings and rows:**

The Rebate Quarter column represents the quarter that the pharmacy claims were paid and manufacturer invoices created. The Invoicing column represents the total amount invoiced by quarter. The Collections column represents the rebate amount that was collected for the invoicing cycle. The Receivables column represents the amount that the manufacturers have not submitted payment.

**“Key findings” related to this report for the reporting quarter:**

- 1.

**Action items related to this report and responsible ACS staff:**



## **Supplemental Rebate Invoicing, Collections, Receivables and Open Disputes**

States that wish to pursue Medicaid supplemental rebates in addition to rebates already received under the National Drug Rebate Agreement have the option to negotiate such rebates with drug manufacturers as specified in Federal law. Rebates received under state supplemental agreements are shared with the Federal government at the same rate as the national rebates.

The table below highlights the supplemental rebate program since its inception. Supplemental rebate invoices for 2Qtr 2006 were mailed on 08/25/2006.

<b>Rebate Quarter</b>	<b>Invoicing</b>	<b>Collections</b>	<b>Receivables</b>
<b>4Q2004</b>	<b>\$2,047,066</b>	<b>\$2,008,246</b>	<b>\$155,578</b>
<b>1Q2005</b>	<b>\$4,761,337</b>	<b>\$3,988,296</b>	<b>\$776,088</b>
<b>2Q2005</b>	<b>\$4,009,127</b>	<b>\$3,894,512</b>	<b>\$870,841</b>
<b>3Q2005</b>	<b>\$3,870,603</b>	<b>\$3,837,011</b>	<b>\$952,056</b>
<b>4Q2005</b>	<b>\$5,929,275</b>	<b>\$3,193,684</b>	<b>\$2,722,757</b>
<b>1Q2006</b>	<b>\$1,225,026</b>	<b>\$1,672,647</b>	<b>\$13,229</b>
<b>2Q2006</b>	<b>\$1,644,416</b>	<b>\$129,806</b>	<b>\$1,514,611</b>
<b>Grand Total</b>	<b>\$23,486,854</b>	<b>\$18,724,202</b>	<b>\$7,005,161</b>

### **3Q06 REBATE VS. DRUG SPEND ANALYSIS REPORT**

**Purpose of Report:** To analyze the ratio of rebate amount collected to drug spend by quarter.

**Explanation of column headings and rows:**

The Total Drug Spend line displays the amount that the state has paid for Medicaid claims. The Total Rebates Collected line displays the manufacturer rebate payments received during the reporting quarter. The Rebate Collected to Drug Spend Percentage line is taking a ratio of collections to drug spend.

**“Key findings” related to this report for the reporting quarter:** None

**Action items related to this report and responsible ACS staff:** None

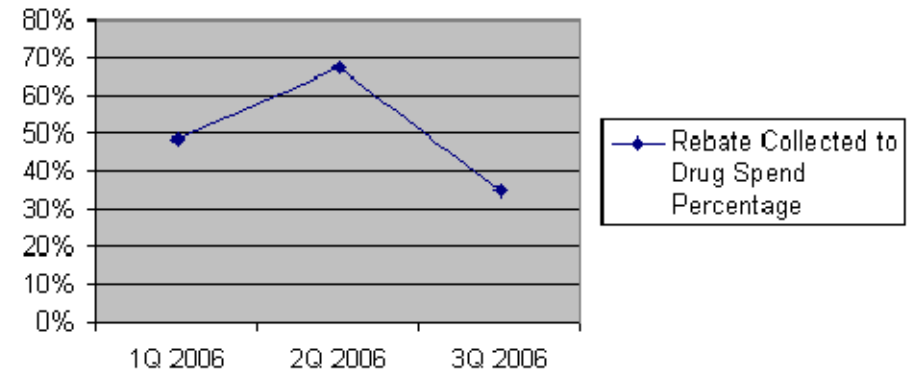
### 3Q06 Rebate vs. Drug Spend Analysis with Graph

	1Q 2006	2Q 2006	3Q 2006	Total
Total Drug Spend	73,063,960.43	71,099,101.84	69,770,362.39	213,933,424.66
Total Rebates Collected	35,218,546.00	47,786,249.00	24,416,962.00	107,421,757.00
Rebate Collected to Drug Spend Percentage	48%	67%	35%	50%

**Rebates Collected vs. Drug Spend Analysis**



**Rebate Collected to Drug Spend Percentage**



## **FORM CMS 64.9R QUARTER (FPS AND BCCTS REPORT)**

**Purpose of Report:** To report the collections for the FPS and BCCTS state programs.

**Explanation of column headings and rows:**

The Claims Paid Qtr. column represents the quarter that the pharmacy claims were paid and manufacturer invoices created. The 64.9r Qtr Ending Date represents the date the quarter closed. The 64.9r Line 5 column represents the total collections displayed on Line 5 of the CMS 64.9r report. The FPS Rebate Collections column represents the rebate deposits received during the quarter for FPS claims. The BCCTS Rebate Collections column represents the rebate deposits received during the quarter for the BCCTS claims.

**“Key findings” related to this report for the reporting quarter:** None

**Action items related to this report and responsible ACS staff:** None

Form CMS 64.9r Quarter Ended Date:

9/30/2006

**NATIONAL AGREEMENT:**

<u>Claims Paid Qtr</u>	<u>64.9r Qtr Ending Date</u>	<u>64.9r Line 5</u>	<u>FPS Rebate Collections</u>	<u>BCCTS Rebate Collections</u>
2Q2006	9/30/2006	\$8,459,731	\$6,702.73	\$10,639.72
1Q2006	6/30/2006	\$16,146,193	\$252,470.40	\$31,976.49
4Q2005	3/31/2006	\$796,372	\$1,615.87	\$4,536.28
3Q2005	12/31/2005	(\$7,001)	\$0.00	\$0.91
1Q1991 - 2Q2005	Previous Quarters	(\$978,333)	\$0.00	\$6.00

**SUPPLEMENTAL AGREEMENT:**

<u>Claims Paid Qtr</u>	<u>64.9r Qtr Ending Date</u>	<u>64.9r Line 5</u>	<u>FPS Rebate Collections</u>	<u>BCCTS Rebate Collections</u>
2Q2006	9/30/2006	\$129,806	\$0.00	\$0.00
1Q2006	6/30/2006	\$1,428,811	\$0.00	\$0.00
4Q2005	3/31/2006	\$59,790	\$0.00	\$0.00
3Q2005	12/31/2005	\$0	\$0.00	\$0.00
1Q1991 - 2Q2005	Previous Quarters	\$22,030	\$0.00	\$0.00

**CONSOLIDATED AGREEMENT:**

<u>Claims Paid Qtr</u>	<u>64.9r Qtr Ending Date</u>	<u>64.9r Line 5</u>	<u>FPS Rebate Collections</u>	<u>BCCTS Rebate Collections</u>
2Q2006	9/30/2006	\$8,589,537	\$6,702.73	\$10,639.72
1Q2006	6/30/2006	\$17,575,004	\$252,470.40	\$31,976.49
4Q2005	3/31/2006	\$856,162	\$1,615.87	\$4,536.28
3Q2005	12/31/2005	(\$7,001)	\$0.00	\$0.91
1Q1991 - 2Q2005	Previous Quarters	(\$956,303)	\$0.00	\$6.00

## **CMS64.9R REPORT (FEDERAL, SUPPLEMENTAL, CONSOLIDATED)**

**Purpose of Report:** To report the Federal, Supplemental, and Consolidated Rebate invoicing, collections, adjustments and receivables activity per quarter.

### **Explanation of column headings and rows:**

Line 1 displays the prior quarter ending receivable balance as the beginning balance for the current reporting by quarter.

Line 2 displays the adjustments that occurred during the reporting quarter.

Line 3 displays the total rebates billed to manufacturers during the reporting period.

Line 4 displays the subtotal by the following formula (Line 1. plus Lines 2. and 3.)

Line 5 displays the rebate payments received during the reporting quarter allocated by invoicing quarter.

Line 6 displays the ending receivables balance by invoice quarter by the following calculation (Line 4. minus Line 5.)

**“Key findings” related to this report for the reporting quarter:** None

**Action items related to this report and responsible ACS staff:** None

# MEDICAID DRUG REBATE SCHEDULE

Federal Rebate

STATE: **Indiana**

AGENCY: **OMPP**

QUARTER ENDED: **9/30/06**

DRUG REBATE	T O T A L C O M P U T A B L E					
	QTR ENDING 9/30/2006	QTR ENDING 6/30/2006	QTR ENDING 3/31/2006	QTR ENDING 12/31/2005	PREVIOUS QUARTERS	TOTAL
	(a)	(b)	(c)	(d)	(e)	(f)
1. BALANCE AS OF THE BEGINNING OF THE QUARTER		\$17,976,490	\$1,896,705	\$718,261	\$4,949,443	\$25,540,899
2. ADJUSTMENTS TO PREVIOUSLY REPORTED REBATES FROM DRUG LABELERS INCLUDED IN LINE 1		(\$742,111)	(\$716,568)	(\$240,738)	(\$5,901,323)	(\$7,600,740)
3. REBATES INVOICED IN THIS QUARTER	\$22,998,550					\$22,998,550
4. SUBTOTAL (LINE 1. PLUS LINES 2. AND 3.)	\$22,998,550	\$17,234,379	\$1,180,137	\$477,523	(951,880)	\$40,938,709
5. REBATES REPORTED ON THIS EXPENDITURE REPORT (HCFA-64.9 AND/OR HCFA-64.9p, Line 7.A.)	\$8,459,731	\$16,146,193	\$796,372	(7,001)	(978,333)	\$24,416,962
6. BALANCE AS OF THE END OF THE QUARTER (LINE 4. LESS LINES 5.)	\$14,538,819	1,088,186.30	\$383,765	\$484,524	\$26,453	\$16,521,747
Interest Received	\$0	\$4,290	\$2,708	\$178	\$5,163	\$12,339

Form CMS-64.9r (1-93)

# MEDICAID DRUG REBATE SCHEDULE

Supplemental Rebate

STATE: **Indiana**

AGENCY: **OMPP**

QUARTER ENDED: **9/30/2006**

DRUG REBATE	T O T A L C O M P U T A B L E					
	QTR ENDING 9/30/2006	QTR ENDING 6/30/2006	QTR ENDING 3/31/2006	QTR ENDING 12/31/2005	PREVIOUS QUARTERS	TOTAL
	(a)	(b)	(c)	(d)	(e)	(f)
1. BALANCE AS OF THE BEGINNING OF THE QUARTER		\$987,632	\$2,343,148	\$1,997,998	\$3,847,577	\$9,176,355
2. ADJUSTMENTS TO PREVIOUSLY REPORTED REBATES FROM DRUG LABELERS INCLUDED IN LINE 1		\$454,408	\$439,399	(\$1,045,942)	(\$2,023,039)	(\$2,175,174)
3. REBATES INVOICED IN THIS QUARTER	\$1,644,417					\$1,644,417
4. SUBTOTAL (LINE 1. PLUS LINES 2. AND 3.)	\$1,644,417	\$1,442,040	\$2,782,547	\$952,056	\$1,824,538	\$8,645,598
5. REBATES REPORTED ON THIS EXPENDITURE REPORT (HCFA-64.9 AND/OR HCFA-64.9p, Line 7.A.)	\$129,806	\$1,428,811	\$59,790	\$0	\$22,030	\$1,640,437
6. BALANCE AS OF THE END OF THE QUARTER (LINE 4. LESS LINES 5.)	\$1,514,611	\$13,229	\$2,722,757	\$952,056	\$1,802,508	\$7,005,161
Interest Received	\$0	\$1,184	\$26	\$0	\$0	\$1,210

Form CMS-64.9r (1-93)



# MEDICAID DRUG REBATE SCHEDULE

Consolidated

STATE: **Indiana**

AGENCY: **OMPP**

QUARTER ENDED: **9/30/06**

DRUG REBATE	T O T A L C O M P U T A B L E					
	QTR ENDING 9/30/2006	QTR ENDING 6/30/2006	QTR ENDING 3/31/2006	QTR ENDING 12/31/2005	PREVIOUS QUARTERS	TOTAL
	(a)	(b)	(c)	(d)	(e)	(f)
1. BALANCE AS OF THE BEGINNING OF THE QUARTER		\$18,964,122	\$4,239,853	\$2,716,259	\$8,797,020	\$34,717,254
2. ADJUSTMENTS TO PREVIOUSLY REPORTED REBATES FROM DRUG LABELERS INCLUDED IN LINE 1		(\$287,652)	(\$277,169)	(\$1,286,680)	(\$7,924,362)	(\$9,775,914)
3. REBATES INVOICED IN THIS QUARTER	\$24,642,967	\$0	\$0	\$0	\$0	\$24,642,967
4. SUBTOTAL (LINE 1. PLUS LINES 2. AND 3.)	\$24,642,967	\$18,676,419	\$3,962,684	\$1,429,579	\$872,658	\$49,584,307
5. REBATES REPORTED ON THIS EXPENDITURE REPORT (HCFA-64.9 AND/OR HCFA-64.9p, Line 7.A.)	\$8,589,537	\$17,575,004	\$856,162	(\$7,001)	(\$956,303)	\$26,057,399
6. BALANCE AS OF THE END OF THE QUARTER (LINE 4. LESS LINES 5.)	\$16,053,430	\$1,101,415	\$3,106,522	\$1,436,580	\$1,828,961	\$23,526,908
Interest Received	\$0	\$5,474	\$2,734	\$178	\$5,163	\$13,549

Form CMS-64.9r (1-93)

DEPARTMENT OF HEALTH AND HUMAN SERVICES				FORM APPROVED		
CENTERS FOR MEDICARE & MEDICAID SERVICES				OMB NO 0938-0067		
MEDICAID DRUG REBATE SCHEDULE				STATE: INDIANA		
				AGENCY: OMPP		
				QUARTER ENDED: 9/30/2006		
AMOUNT IN DISPUTE FROM LINE 6, COLUMN (E) *						
QTR	LABELER CODE	LABELER NAME	NDC	DISPUTE AMOUNT	DISPUTE CODES	DISPUTE REASON FOR DELAY
20061	55513	AMGEN USA	55513-0190-01	\$545,995.84	R	Reviewing claim details
20054	00075	AVENTIS PHARMA, INC.	00075-8001-20	\$166,037.03	Q	Reviewing claim details
20054	58063	MGI PHARMA, INC.	58063-0797-25	\$145,868.00	K	Reviewing claim details
20054	55513	AMGEN USA	55513-0013-01	\$73,233.69	U	Reviewing claim details
20054	50242	GENENTECH, INC.	50242-0134-68	\$73,093.25	D	Reviewing claim details
20061	00517	AMERICAN REGENT, INC.	00517-2340-10	\$68,989.41	Q R S	Reviewing claim details
20061	50419	BERLEX, INC.	50419-0002-01	\$44,705.52	S	Reviewing claim details
20061	50458	JANSEN PHARMA., L.P.	50458-0306-11	\$36,208.19	P	Reviewing claim details
20054	00024	SANOFI-AVENTIS, US LLC	00024-0596-02	\$32,547.31	Q	Reviewing claim details
20054	00310	ASTRAZENECA LP	00310-0321-30	\$27,060.95	R Q	Reviewing claim details
20054	00045	MCNEIL PHARMA	00045-0641-65	\$26,745.30	P	Reviewing claim details
20061	00078	NOVARTIS	00078-0340-84	\$19,903.77	Q R S	Reviewing claim details
20062	00074	ABBOTT LABS	00074-1658-01	\$19,262.76	R	Reviewing claim details
20061	00075	AVENTIS PHARMA, INC.	00075-0624-03	\$19,128.69	O	Reviewing claim details
20054	50458	JANSEN PHARMA, L.P.	50458-0306-11	\$16,071.52	P	Reviewing claim details
20054	55513	AMGEN USA	55513-0010-01	\$15,226.86	U	Reviewing claim details
20061	00074	ABBOTT LABS	00074-1658-01	\$13,605.53	R	Reviewing claim details
20054	00045	MCNEIL PHARMA	00045-0639-65	\$13,387.80	P	Reviewing claim details
20061	50242	GENENTECH, INC.	50242-0044-13	\$12,543.46	R	Reviewing claim details
Total				\$1,369,614.88		

Form CMS-64.9r (1-93)

## **IN DRUG REBATE UTILIZATION EXCEPTION REPORT – 2<sup>ND</sup> QUARTER 2006**

**Purpose of Report:** To identify high level statistics for drug rebate utilization exceptions for Indiana.

**Explanation of column headings and rows:**

Report 1 displays activity for claims whose labelers were not actively participating in the CMS Program.

Report 2 displays claims from participating labelers where the NDC is not listed on the CMS tape.

Report 3 displays claims from participating labelers where the NDC has a zero URA on the CMS tape.

The # of Claims column displays how many claims were processed under the specific report (1,2, or 3)

The # of NDCs column give the total number of NDCs affected during the reporting quarter.

The # of Labelers column summarizes the total labelers under the specific report (1,2, or 3)

Total Reimbursement Amt column represents the amount total by claims processed under the specific report (1,2, or 3)

**“Key findings” related to this report for the reporting quarter:** None

**Action items related to this report and responsible ACS staff:** None

## **IN Drug Rebate Utilization Exception Report – 2<sup>nd</sup> Qtr 2006**

1. A query was run against the DRAMS Oracle database to pull all Indiana claims where the paid quarter is 2Q2006.
2. The result set was imported into an MS Access database for further analysis.
3. Claims with \$0 for the reimbursement amounts were removed from the result set.
4. Compound line items with a \$0 reimbursement amount were removed.
5. Using the drug's Specific Therapeutic Class Code, claims for vaccines were removed from the result set using the following class codes: W7B, W7Z, W7N, W7C, W7F, W7H, W7J, W7L, W7M, W7N, W7Q, W7R, and W7T.
6. Using the Drug Class Code from FDB and the Specific Therapeutic Class Code, claims for OTC Vitamins were removed from the result set using the following class codes: C3B, C3C, C3M, C6A, C6B, C6C, C6D, C6E, C6G, C6H, C6I, C6J, C6L, C6N, C6Q, C6R, C6T, and C6Z.
7. The following claims were identified:
  - a. Claims for products whose labeler were not actively participating in the CMS program (REPORT 1)
  - b. Claims for products from participating labelers, where the NDC is not listed on the CMS tape (REPORT 2)
  - c. Claims for products from participating labelers, where the NDC has a URA=0 on the CMS tape (REPORT 3)
8. This resulted in the following high-level statistics for drug rebate utilization exceptions for Indiana:
  - a. Report 1 (labeler not participating)

# of Claims	# of NDCs	# labelers	Total Reimbursement Amt
0	0	0	\$ 0.00

- b. Report 2 (NDC not on CMS tape)

# of Claims	# of NDCs	# labelers	Total Reimbursement Amt
0			\$ 0.00

- c. Report 3 (URA=0) all were invoiced

# of Claims	# of NDCs	# labelers	Total Reimbursement Amt
1	1	1	\$ 46.41